

**DATE:** June 14, 2022

**TO:** Honorable Mayor and City Council

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Community Development Director

**VIA:** Kimbra McCarthy, City Manager

**TITLE:** **Draft 2023-2031 Housing Element**

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# STUDY SESSION MEMO

## **PURPOSE**

The purpose of this Study Session is for the City Council to review and provide input on the Draft 2023-31 Housing Element.

## **BACKGROUND**

The Housing Element is one of the seven mandated General Plan elements and is the only element subject to mandatory review by a State agency, the California Department of Housing and Community Development (HCD). A major part of the Housing Element process is the identification of sites to meet the Regional Housing Needs Allocation (RHNA), which is the number of units that must be planned for over the eight-year cycle of the Housing Element, from 2023 through 2031. The Housing Element is also required to include programs the City will implement addressing the housing needs of the City and requirements of State law.

The City's Draft Housing Element is an ambitious document that is focused on implementation. The State has set high RHNA requirements for all jurisdictions across the State, and the Association of Bay Area Governments' methodology in assigning RHNA (based on factors, such as existing and projected household growth, access to opportunity areas, and proximity to jobs) resulted in the City's RHNA being among the highest in the region. Furthermore, new State laws have added to an existing set of challenging requirements meant to encourage the most housing on the most-buildable sites.

In spite of these demanding parameters, the City has sought to not only meet but exceed these high expectations with the 2023-2031 Draft Housing Element. The following discussion outlines the key elements that comprise the Housing Element.

Due to the City's proactive and forward-looking approach over the last Cycle, the City has the ability to include a solid base of policies and sites with existing residential capacities in the Sixth-Cycle Housing Element, including:

- Major Precise Plans and rezoning applications, which have resulted in a housing pipeline that exceeds the City's above-moderate RHNA and meets more than half the City's lower-income RHNA for the Sixth Cycle.
- Opportunity sites in these major Precise Plans, which meet and exceed the required RHNA and provide additional buffers in the low- and moderate-income categories, which are typically very challenging to achieve.
- Programs such as the Below-Market-Rate Housing Program, Notice of Funding Availability (NOFA) Affordable Housing Program, Affordable Housing Impact Fee, homelessness prevention programs, Community Stabilization and Fair Rent Act (CSFRA), Tenant Relocation Assistance Ordinance (TRAO), and others set the stage to support housing needs of residents in the Sixth Cycle.

In addition, Council, Environmental Planning Commission (EPC), and community input have built upon this base to increase opportunities for housing and programs to affirmatively further equity and fair housing and support existing and future residents, including:

- Proposed rezoning of sites in the highest-opportunity neighborhoods to create additional residential development.
- A "Back-Pocket" sites strategy<sup>1</sup> that prepares for potential no-net-loss scenarios.
- Programs to pursue partnerships with a broad range of agencies across sectors, such as employers, philanthropy, religious organizations, service agencies, and other nonprofits to help develop more affordable housing.
- Policies and programs identified in other plans and documents (e.g., Consolidated Plan, Federal Assessment of Fair Housing) that identify City goals, programs, and policies to address housing needs in collaboration with providers, stakeholders, and bodies, such as the Human Relations Commission.

While the Housing Element is an important part of the City's work to address its housing needs, the City is also undertaking other significant housing efforts outside of the Housing Element to advance the City's priorities (as identified in the Council Strategic Work Plan by addressing a

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<sup>1</sup> A Back-Pocket list is comprised of sites that could be used as Housing Element sites if designated Housing Element sites in the Sites Inventory develop with nonresidential uses or with housing at income levels different than those assumed.

Community For All), such as developing a displacement response strategy, the R3 (Multi-Family Residential) Zone Update, and many other strategies and programs. Furthermore, the City's intentional and targeted Council goal-setting process is included as a program (Program 4.6) to ensure consistency between the Housing Element and local work plan.

This report provides an overview of the components of the Draft Housing Element: the goals, policies, and programs that comprise the Housing Plan; the Sites Inventory to accommodate the City's RHNA; and changes from the last Study Session that were incorporated into the Draft Housing Element.

Staff is requesting City Council direction on final refinements to the Draft Housing Element before staff submits the Draft to HCD in July 2022 for its draft review.

### **City Council Study Session, March 8, 2022**

On March 8, 2022, the City Council supported the Sites Inventory methodology and sites, Back-Pocket areas, and draft goals and policies. Council also supported staff's recommendation to update the nonconforming section of the Zoning Code to preserve units in R1 and R2 Zones on sites that exceed zoned density. Council also provided direction to:

- Include shopping centers where the General Plan allows residential in the Sites Inventory and to explore and review the following additional sites to determine whether they should be added to the Sites Inventory, Back-Pocket sites, or neither based on whether they meet HCD criteria for inclusion:
  - Other shopping centers where the General Plan does not allow residential uses;
  - The South Drive area;
  - Nonhistoric churches in R Districts; and
  - Nonhistoric, underutilized government sites.
- Proactively reach out and collaborate with property owners whose sites were listed in the Sites Inventory or as Back-Pocket sites;
- Exclude the Target site from the Sites Inventory;
- Keep Transit Center, El Camino Real Village Centers, and Moffett Boulevard as Back-Pocket sites for rezoning as identified in this Council Study Session memo;

- Amend wording on Goals and Policies to be more concrete and include the following changes:
  - Adding “active nodes and walkable neighborhoods with amenities and services” to Goal 1;
  - Adding “water and energy efficiency” to Policy 1.7; and
  - Adding “individuals with developmental and intellectual disabilities” to Policy 2.7.
- Explore and review whether to add specific Housing Element programs (discussed below in the Housing Plan section of this report).

Based on Council direction, staff has updated the Sites Inventory and amended the goals and policies in the Housing Programs section to be more specific. A detailed discussion of additional direction on the Sites Inventory and Housing Plan programs and staff recommendations is provided later in this Council Study Session memo within each topic area.

#### **Environmental Planning Commission Study Session, May 18, 2022**

On May 18, 2022, the EPC reviewed the Draft Housing Element and generally supported the staff recommendations, including:

- The draft Programs List, with modifications to Programs 1.1, 1.10, 2.1, and 4.1, as described later in this Council Study Session memo;
- The draft Sites Inventory; and
- The recommended rezonings and General Plan amendment for the General Plan and El Camino Real Village Centers and 87 East Evelyn Avenue (VTA) site, concurrent with the adoption of the Housing Element (as described later in this Council Study Session memo).

In addition, the EPC recommended adding language in the Housing Element related to past actions to create **jobs-housing linkage programs** (e.g., the East Whisman Precise Plan) and to indicate that it could be a template for future zoning actions to address the City’s jobs-housing imbalance.

Lastly, the EPC recommended that Council consider and discuss the following:

- **The risk of small business displacement with new development.** The EPC acknowledged that the Housing Element may not be the most appropriate place for a policy to limit small business displacement, but the EPC recommends that Council consider it as a future action. In particular, the EPC expressed concern about loss of businesses that are important to minority communities.
- **Charleston Plaza as a housing opportunity site.** The EPC did not specifically recommend including Charleston Plaza in the Site Inventory or Back-Pocket list. However, they did recommend that Council consider whether it could be a potential housing opportunity site.

### **Public Comments on the Draft Housing Element**

The Draft Housing Element was published on the project website on May 6, 2022 and made available for public comments through June 14, 2022. While there are a broad range of specific public comments, some **key themes include** the following. Staff comments related to the input are provided in *italics*.

- Unrealistic assumption of redevelopment of sites (e.g., opportunity sites generally and land dedications in North Bayshore and East Whisman specifically)—*City staff and the consultant have reviewed HCD criteria and believe that the site recommendations meet the requirements. For example, HCD requires sites to be consistent with development trends, which the draft identifies. Additionally, land dedications for below-market-rate housing in North Bayshore and East Whisman are based on the phasing plan provided by the applicants, which provides greater certainty than if a site did not have an interested applicant.*
- Optimistic projection of units at assumed income levels—the *Housing Element Site Inventory is not a prediction of development or units at given income levels. It is a demonstration that the City has removed constraints and allows affordable housing development in areas where development is reasonable and consistent with other State goals. Staff and the consultant have reviewed the HCD criteria for assigning income levels to sites and concludes that the methodology meets those requirements. For example, HCD does not generally support fewer than 50 units or more than 150 units being applied to lower-income sites.*
- Lack of sites south of El Camino Real—*staff and the consultant team have identified all sites south of El Camino Real with a reasonable likelihood of generating affordable units consistent with HCD guidance regarding likelihood and viability of redevelopment with affordable units. In addition, the Housing Element identifies additional programs to further increase the potential of affordable unit production south of El Camino Real, which are not*

*reflected in the inventory. This is a more conservative approach than relying on these sites in our Sites Inventory since it demonstrates actions to increase affordable housing south of El Camino Real in addition to a full-site inventory of affordable units (plus a buffer).*

- *Request for inclusion of specific sites—these sites, such as the sites near the intersection of Castro Street, El Camino Real, and 901 North Rengstorff Avenue, have specific reasons why staff has not included them at this time. More information about each is provided later in this Council Study Session memo.*
- *Vague and noncommittal language and lack of specific actions and timelines for the programs—the draft Housing Element includes a broad range of programs. Some programs are more clearly defined in terms of their feasibility, scope, and time frame for implementation. Other programs have desired objectives with uncertain solutions that require more study and analysis. HCD recognizes that cities cannot have all the answers at this stage, as long as the objectives are clearly stated. In addition, staff and the consultant team have focused on big-picture outcomes of the programs at this draft stage. Additional detail can be provided prior to adoption.*
- *Suggestions for various programs to be added (e.g., evaluate Community Opportunity to Purchase Act/Tenant Opportunity to Purchase Act, reduced parking requirements)—staff and the consultant team have prepared analysis in the Housing Element that identify need for programs that address displacement, housing constraints, and other issues. While the specific solutions identified in the letters are not presupposed in the Housing Element, there are programs that address the issues identified. If the City Council wishes to include additional programs or actions, Council can direct staff to do so.*
- *Maintaining commercial uses in Village Centers to serve the community—this is part of the staff and EPC recommendation (see later in this Council Study Session memo).*

Please refer to Attachment 2 for all public correspondence received.

## **DISCUSSION**

### **Housing Element Public Draft Overview**

Since the previous planning period covering 2015 to 2023 (Fifth Cycle), there have been numerous changes in Housing Element law. Some of the most notable changes include the requirement to:

- Conduct an Assessment of Fair Housing as part of the Housing Element Needs Assessment process (see Appendix B, Assessment of Fair Housing, Page 69).

- Evaluate the new Housing Element Sites Inventory through the lens of affirmatively furthering fair housing (see Appendix E, Evaluation of Sites Inventory through the Lens of AFFH, Page 223) and include at least one program that affirmatively furthers fair housing (see Chapter 3, Program 2.5).

This Housing Element (Sixth Cycle) document has been developed to address those and other requirements and is written and organized to streamline the document for effective implementation.

The Draft Housing Element is formatted into four sections and includes seven appendices. The organization of the document is based on HCD guidance and intended to facilitate HCD review.

| Section  | Additional Details   |
|--|--|
| Chapter 1, Introduction                                    | Organization of Housing Element and public participation             |
| Chapter 2, Review of Prior Housing Element                 | Progress in construction, rehabilitation, and conservation of units  |
| Chapter 3, Housing Plan                                    | Goals, policies, and programs  |
| Chapter 4, Quantified Objectives                           | Realistic assessment of housing production                           |
| Appendix A, Status of Fifth-Cycle Programs                 | Progress of Fifth-Cycle program implementation                       |
| Appendix B, Housing Needs Assessment                       | City, County, and region demographics analysis                       |
| Appendix C, Projected Housing Needs                        | RHNA requirement   |
| Appendix D, Housing Constraints                            | Review of factors that may constrain production of housing           |
| Appendix E, Housing Sites Inventory                        | Housing sites analysis and inventory                                 |
| Appendix F, Public Input Summary                           | Summary of community input   |
| Appendix G, Multi-Family Housing Violation Checklist       | A copy of the Multi-Family Housing Violation Checklist               |
| Appendix H, Economic Analysis of Governmental Requirements | Review of cost impacts of government factors on housing developments |

### **Analyses in the Housing Element**

The Housing Element includes several analyses required by State law (Housing Needs, Sites Inventory and Analysis, and Constraints). State law also requires that the Housing Element address issues identified in the analyses through policies, programs, or both.

The **Housing Needs Assessment** includes public input (Chapter 1 and Appendix F) as well as data on population and household characteristics; economic and employment characteristics; and housing stock, costs, and affordability (Appendix B). The feedback from the community showed high concern for overdevelopment of the City and also high concern that there is not enough housing for low- and middle-income households. The analysis points to a greater need for

specifically targeted affordable housing policies that prioritize affordable units. Select findings of this analysis include:

- **More than one-half of Mountain View households rent** and almost one-fifth of the renter households are considered extremely low income (i.e., have **incomes less than 30% of Area Median Income (AMI)**). Renters are more susceptible to fluctuations in housing costs, and lower-income renters are more likely to experience the effects of rent increases more dramatically. Therefore, programs that aid renters by providing services and resources (Program 2.3) and prioritize strategies for antidisplacement are critical to addressing the large rental population in the City (Program 3.2), particularly for those in lower-income groups.
- **Housing cost burdens**, where more than 30% of household income is spent on housing costs, affect more than 80% of households that earn 30% or less of the AMI in Mountain View and more than 75% of households who earn between 31% to 50% of AMI (see Appendix B, Figure 15). There is a high need for housing to be affordable to relieve the cost burden many low-income earners in the City are experiencing (Programs 4.2 through 4.5).
- Overall **home values** are much higher in Mountain View than in the County and in the Bay Area and have overall appreciated at a quicker rate in the last decade than in the prior decade. In Mountain View, about 70% of owner-occupied units are valued at more than \$1 million (See Appendix B, Figure 13). This indicates that the ownership housing inventory in Mountain View is skewed to primarily serve higher-earning households. The Housing Plan includes a program to develop an affordable housing funding strategy to support the diverse range of housing needs, including homeownership programs (Program 2.1) to address the gap in the ability to own a home in Mountain View.

State law also requires that Housing Elements include a **constraints analysis** which means identifying and analyzing the impact such constraints have on the supply and affordability of housing. This analysis is in Appendix D and covers governmental, nongovernmental, and environmental factors. One part of the analysis, included in Appendix H, primarily focused on the cost of governmental factors as a percentage of overall project development costs. Each factor was individually analyzed and deemed major (between 4% to 14%), moderate (below 3%), or minimal (less than 1%).

The City-controlled factors generally fit into four categories:

1. **BMR Requirements**. While these requirements are a major cost factor, they are also necessary to meet the City's affordable housing goals. Program 1.11 will review and monitor the program to ensure it optimizes the output of affordable units while seeking opportunities to reduce impacts to market-rate development (discussed later in this Council Study Session memo).



2. Fees and Other Payments. These include:
  - a. Park Land Dedication In-lieu Fee (approximately 8.5% of development costs on multi-family development);
  - b. Transportation Impact Fee (approximately 0.3% of development costs);
  - c. Community benefit (up to 0.4% of development costs in East Whisman and 0.6% of development costs in El Camino Real/San Antonio); and
  - d. East Whisman Impact Fee<sup>2</sup> (approximately 0.3% of development costs).

The majority of fees are through the Park Land Dedication requirements. Program 1.10 was created to assess the Park Land Dedication requirements through the Parks and Recreation Strategic Plan (more information below). However, staff is not recommending a program to address the remaining development impact fees since they represent a low amount (approximately 1% of development costs in aggregate), address critical utilities and transportation infrastructure, and/or support necessary costs to implement the General Plan and Precise Plan vision in areas with the greatest growth and change. Meaningful reductions of these small fees would significantly affect these programs and improvements. In addition, the City evaluates the cumulative effect of these fees on a regular basis when new fees are adopted.

3. Development Standards. These include parking, transportation demand management (TDM), open area, and other requirements. In aggregate, they may amount to approximately 6% of multi-family development costs. Program 1.1 was created to assess these standards and identify reductions that can facilitate residential development (discussed later in this Council Study Session memo).
4. Process. Project delay of four months is estimated to be about 1% of multi-family development costs. To address this, Program 4.1 was created to review our processes and procedures and implement streamlining as needed (discussed later in this Council Study Session memo).

In addition to City constraints, the potential of additional school assessments or taxes (for example, a Community Facilities District or CFD), over and above typical State impact fees, was also evaluated in the analysis and determined to be a major factor to the overall cost of

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<sup>2</sup> This was not included in the draft analysis. It was adopted by Council in May and will be included in the final Housing Element.

development at about 5% to 8%—approximately the same effect as the Park Land Dedication requirement.

Although certain factors are quantitatively categorized as major or moderate constraints, it is important to highlight that the policy and programming recommendations described in the Housing Programs section below were informed holistically by how all factors (governmental, nongovernmental, and environmental) contribute to constraints on housing development and affect housing affordability. Prior to the adoption of the Final Housing Element, staff proposes to provide additional analysis of the cumulative impact of all fees, standards, and governmental constraints, including more detail related to process timelines and trends since the last cycle. However, staff would like to note that the major or moderate factors contribute the most to the cumulative impact and prioritizing actions to address those constraints will have the greatest effect on the cumulative costs.

### **Housing Programs**

Housing Programs are actions the City must take to address housing issues identified in the analyses and are based on the Goals and Policies,<sup>3</sup> all of which can be found in Chapter 3 of the Draft Housing Element. HCD will review the City’s implementation of the programs over the course of the Sixth Cycle and will hold the City accountable for any programs not undertaken. For this reason, the Housing Element is only a small part of the City’s housing strategy, which includes more studies and actions with less-certain outcomes. In addition to the proposed Housing Element programs, the City is undertaking various other actions that respond to Citywide housing priorities that are carried out through the City’s Strategic Plan, the Consolidated Plan, and the Fair Housing Plan.

#### *Council Direction*

Based on Council direction during the March 2022 Study Session, the following were added to the programs list:

- Reduce parking requirements for 100% affordable housing (Program 1.1);
- Explore funding for efficiency studios (Program 2.1);
- Explore innovative housing solutions, such as community land trusts (Program 2.1);
- Add affordable housing overlay on churches south of El Camino Real (Program 1.2); and

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<sup>3</sup> Council provided feedback on the Goals and Policies on March 8, 2022. The Draft Housing Element includes refined Goals and Policies based on that direction. These can be found on Pages 10 through 12 of the Draft Housing Element.

- Update the nonconforming section of the Zoning Code to preserve units in R1 and R2 Zones that are above the existing allowed density (Program 1.3).

Staff is also working on the following projects that are related to creating “A Community for All” in the Council’s Work Plan, with community outreach events and Study Sessions scheduled for later in 2022 and early 2023. Due to the timeline for the Housing Element, staff is recommending not adding them to the Housing Element Programs list in order to provide additional flexibility to analyze and make decisions on the action plans for each of the following programs:

- Displacement Response strategy, including replacement of existing units requirements for new development and first right of return—this project is a priority project in the Council Work Plan;
- Community Opportunity to Purchase/Tenant Opportunity to Purchase<sup>4</sup>—will be evaluated as part of the Breakthrough Grant;<sup>5</sup> and
- The R3 Zoning Update, which Council directed staff not to consider in the Housing Element.

All of these actions are expected to be brought to Council Study Sessions in 2023, separate from the Housing Element.

### *Key Programs*

Based on the analysis conducted as part of the Housing Needs Assessment and governmental constraints, the following programs are included in the Housing Plan:

- A. Below-Market-Rate (BMR) Program Review (1.11): Based on the cost analysis, the City’s BMR program requirements were found to be a significant portion of market-rate housing development costs; however, the BMR program is a necessary tool to attain the diverse range of affordable housing required to meet the City’s housing needs and to create inclusive communities. In addition, the output of affordable units in the City’s pipeline indicates that the cost is not unduly constraining development. Therefore, the program achieves the City’s goals in attaining affordable units and is necessary to meet community

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<sup>4</sup> Community Opportunity to Purchase Act (COPA)/Tenant Opportunity to Purchase Act (TOPA) are pieces of legislation that some cities have used to prevent displacement of residents due to sale of rental housing. COPAs give communities (i.e., qualified nonprofit) or tenants in the cases of TOPAs the ability to negotiate and collectively bargain the purchase of multi-family buildings from a landlord who is planning to sell.

<sup>5</sup> The Breakthrough Grant is a program through the Partnership for the Bay’s Future to advance affordable housing, equitable communities, and systems change. Grant recipients (i.e., government agencies, including cities) and their community partners are awarded resources, including a two-year fellow, funding, and technical assistance, to support the work.

needs. The BMR program includes periodic reviews to ensure program efficacy, and the first review is scheduled to begin in 2022, followed by a five-year review anticipated in 2027.

- B. Park Land Ordinance Update (1.10): The City's Community Services Department (CSD) has plans to review and revise the park dedication requirements in coordination with the Parks and Recreation Strategic Plan, which could identify other funding sources, greater efficiencies, or other strategies to reduce constraints on residential development, while finding creative and collaborative ways to maintain and improve access and increase the availability of parks for the public. Park land dedication requirements are among the most significant government constraints identified. Most park land dedication requirements are satisfied through the fee, which is approximately \$74,400 per market-rate apartment unit in Mountain View for 2021 (see Appendix H). As a comparison, Sunnyvale's fee is estimated to be \$62,700 per market-rate apartment unit and Santa Clara's is estimated to be \$36,908 to \$39,454 (equivalent to \$43,421 to \$46,416 per market-rate unit). Both Mountain View and Sunnyvale exempt affordable housing developments. Program 1.10, Park Land Ordinance Update, is included in the Housing Plan to review the park land requirement and find solutions that strike a balance between housing and park-space development. CSD aims to complete this action by mid-2024.
- C. Zoning Ordinance Update (1.1): Parking requirements and other development standards do not appear to be major constraints on development. Nonetheless, the City will conduct a review on various standards, such as parking, particularly reduced parking standards for 100% affordable housing projects, and TDM/TMA regulations, to address these concerns.
- D. Development Streamlining and Processing Revisions (4.1): The City approval processes were identified as a moderate constraint since added time to project review adds cost to projects. A comprehensive Development Review Assessment report was completed in the fall of 2021 and provides an overview of findings and recommendations to improve operational inefficiencies within a three-year timeframe. The City is currently working on the first phases of implementation of this plan, which involves improving interdepartmental coordination and processes, integrating software and technology to improve processing time and add transparency, and adding staffing; these strategies are incorporated into various recommendations contained in the Fiscal Year 2022-23 Recommended Budget. Additionally, this program will review approval levels and procedures in the Zoning Ordinance and Precise Plans to determine opportunities to provide consistency and streamline processes.

The following programs specifically aim to further affordable housing:

- E. Federal and State Policy Initiatives (4.2): In previous Study Sessions, the EPC and Council identified advocacy as an important part of the City's approach to addressing housing needs. This program provides the framework to advocate for, monitor, and propose

legislation to further policies around affordable housing development, displacement prevention, and the removal of barriers to accessing housing. To support the City's legislative advocacy efforts, the City has engaged the services of Renne Public Policy Group (RPPG) to coordinate with staff to monitor and assess State legislation and serve as the City's legislative advocate.

- F. Financial Support for Subsidized Housing (4.3): Most affordable housing that falls in the extremely low-, very low-, and low-income unit type categories are developed by nonprofits in 100% affordable developments and rely heavily on a funding contribution from different sources. The City will perform funding source evaluations and review opportunities to revise fees, prioritize funding, and find new sources of funding for special-needs and low-income populations.
- G. Partnerships to Support Affordable Housing (4.4): The City will continue developing relationships with private-sector, philanthropy, and public agencies for additional funding and resources to support affordable housing opportunities in the City.
- H. Partnerships with Subsidized Housing Developers (4.5): Where possible, the City will make City-owned properties available for affordable housing development by partnering with subsidized housing developers on such properties.

Additionally, the following programs are in place to improve existing City programs and services:

- I. Inclusive and Equitable Affordable Housing Application Process (2.2): At several engagement events, community members shared their experience navigating the application process with major issues around available resources, limited language competency, and limited technical expertise to successfully apply and benefit from the BMR program. This Housing Plan program will evaluate wait-list and interest list processes improvements and evaluate ways to be more inclusive and accessible to end-users by improving the application process.
- J. Displacement Prevention and Mitigation (3.2): As identified in the Housing Needs Assessment, a majority of households in the City rent their homes and many are at risk of displacement. The City will continue to focus on supporting renters through various regulations (e.g., Tenant Relocation Assistance, Community Stabilization and Fair Rent Act), and to continue to find ways to preserve affordable housing. As previously mentioned, the Displacement Response Strategy is under development as part of the Council Strategic Work Plan and further actions will follow that process.

Lastly, the following programs are included to address specific HCD requirements:

- K. Zoning Ordinance Updates (1.1): Although not all sites are viable housing development sites at this time, this program will rezone the General Plan Village Centers and El Camino Real Village Centers and pipeline affordable housing sites consistent with the Sites Inventory. Rezoning is necessary for these sites to be included in the Sites Inventory and to satisfy RHNA requirements. Staff proposes to complete this with the adoption of the Housing Element.
- L. Affirmatively Furthering Fair Housing (2.5): Assembly Bill (AB) 686 requires cities to identify programs that can achieve fair housing choice and access to opportunity. Consistent with the requirements of U.S. Department of Housing and Urban Development and of State Housing Element Law, the City will continue to prepare and update the Assessment of Fair Housing (AFH) to remove barriers to fair housing choice based on an analysis of contributing factors. Furthermore, the goals and priorities identified in the Draft AFH include, but are not limited to, identifying, evaluating, and implementing programs that can affect systems change to respond to housing challenges caused by market-driven factors, implementing a Housing Help Center, and evaluating a framework for reviewing residential projects through a race, equity, and inclusion lens. Many of the other Housing Element programs also serve to affirmatively further fair housing by preventing displacement and facilitating the production and preservation of affordable housing and housing for those with special needs, as discussed on Page 172 of the Draft Housing Element.
- M. Accessory Dwelling Units and Junior Accessory Dwelling Units (1.4): AB 671 requires cities to incentivize and promote the creation of accessory dwelling units (ADU) that can be offered at affordable rent for very low-, low-, or moderate-income households and requires HCD to develop a list of funding resources to aid in this State-mandated local program. For this program, the City will develop a monitoring survey to collect data on ADU development in order to best evaluate the needs of homeowners and ensure funding and educational resources are readily available to the public online.

#### *EPC Recommendation*

The EPC generally supported the proposed programs in the Draft Housing Element; however, the majority of the EPC recommended the following modifications to the programs:

- ***Program 1.1—Update Zoning Ordinance***
  - Create a separate action to review standards and fees for affordable housing and prioritize that action with specific deadlines.

- **Program 1.10—Park Land Dedication Ordinance**
  - Provide specificity on how the action relates to reducing constraints to housing development.
- **Program 2.1—Subsidize and Support Affordable Housing Programs to Meet an Array of Housing Needs**
  - Provide more specificity on the action, timing, and outcomes for individual, innovative programs like community land trusts, Community Opportunity to Purchase Act (COPA)/Tenant Opportunity to Purchase Act (TOPA).
- **Program 4.1—Development Streamlining and Processing Revisions**
  - Provide more specific actions to reduce review times and expedited process for affordable housing projects.

#### *Staff Recommendation*

Staff recommends the programs list as presented in the Draft Housing Element with the inclusion of the following changes based on the EPC's recommendations.

- **Program 1.1 (Update Zoning Ordinance):** The EPC would like to prioritize reviewing development standards for affordable housing, such as reduced parking requirements. Since development standards guide the form, design, and massing of development, they often apply regardless of the cost of the unit. But where standards for affordable housing can appropriately be evaluated separately from market-rate housing, those actions can be prioritized. Staff can modify the Objective of Program 1.1 to specify emphasis on affordable housing, revise the Action with a separate action for reviewing parking standards for affordable housing, and update the time frame with a completion date of review by December 31, 2024.
- **Program 2.1 (Subsidize and Support Affordable Housing):** The work to evaluate innovative solutions to displacement, such as community land trusts and COPA/TOPAs, is currently under way, and staff has two Study Sessions tentatively scheduled with Council for later this year and early 2023 to report on the antidisplacement measures and funding mechanisms. Therefore, staff can revise this program to specify these actions and provide updated timelines.
- **Program 1.10 (Park Land Dedication Ordinance):** The EPC had concerns that this action would be managed by the Community Services Department and that the scope would not align with addressing the constraints that are identified in the Housing Element. However,

Planning and Community Services staff are actively working together to ensure that housing development constraints are evaluated as part of the update, while also balancing the community's parks and open space needs. In addition to the current Objective, staff can add additional language to the Action to identify specific actions as part of the update related to reducing housing constraints and note that CSD and Planning would be responsible divisions.

- **Program 4.1 (Development Process Streamlining):** This program currently includes a separate process review for 100% affordable housing as identified in 4.1(a) and is planned for a 2024 completion date. Staff has already initiated internal meetings between the Housing and Planning Divisions to discuss and identify inefficiencies and potential improvements to the NOFA process. Therefore, staff can provide additional details on the activities in the Action portion to address process issues and review times for affordable housing projects.

In addition, the project team will continue to review and update the program language for additional detail that can be provided, such as activities the City is already carrying out or additional detailed steps of draft programs.

***City Council Question No. 1: Does the City Council support the proposed programs in the Draft Housing Element? Are there other programs the City Council would like to add from the list of projects that are not currently recommended to be on the Housing Programs list (e.g. Displacement Response Strategy—replacement requirements)?***

### **Sites Inventory**

#### *Additional Outreach*

As part of the outreach plan per Council direction, staff notified property owners with sites designated as a Housing Element site in the initial Sites Inventory. Since those sites were identified based on existing zoning, the letter indicated that there are no proposed changes to the sites but provided an opportunity for them to contact the City if they had questions about the designation. In addition to those letters, staff sent out letters to property owners in the General Plan Village Centers, El Camino Real Village Centers, and religious institutions in R Districts to inform them about the Housing Element process and to garner feedback on potential changes to their General Plan land use and/or zoning designations.

Overall, out of about 250 letters, 15 property owners reached out to the City. Staff received emails either in support of the potential changes to include residential development opportunities or had additional questions that staff responded to. Additionally, staff met with representatives from the Department of Motor Vehicles (DMV), Valley Transportation Authority (VTA), National Aeronautics and Space Administration (NASA), and El Camino Hospital to discuss



potential development of nonhistoric/underutilized government sites and properties along South Drive. The input of the property owners was used in determining the Sites Inventory in the Draft Housing Element. Based on this input, staff is recommending that the El Camino Hospital site at El Camino Real and Phyllis Avenue continue to be included in the draft Site Inventory. Other recommendations based on this input (such as South Drive and other government sites) can be found under “Not-Recommended Areas in Sites Inventory” below.

Some sites where applicants have expressed interest in development are not included in the sites inventory. These include the 881 Castro Commons and the 901 North Rengstorff sites. These projects require approvals from the City for a rezoning or street vacation, which require additional technical analysis and discretion. The Housing Element should not presuppose City actions on these matters, especially since it may obligate the City to approve the actions prior to the analysis.<sup>6</sup> If they are included as part of the “opportunity sites,” the methodology represents the ability to build either moderate- or below-market rate housing. All of the sites where applicants have expressed interest in development are proposing market-rate development with minimal below-market-rate housing. Therefore, these sites are not necessary or particularly beneficial to meet the lower- and moderate-income RHNA that the sites inventory is focused on. However, these projects can be included in the pipeline sites if approved prior to the Final Housing Element and would mostly count towards the above-market-rate housing requirement.

### *Recommended Sites Inventory*

The EPC previously reviewed the Sites Inventory on February 16, 2022, and Council reviewed it on March 8, 2022. Based on Council direction, the overall methodology has not changed and maintains the site selection process presented previously (for more information on this process, see Appendix E of the Draft, or the summary in the [March 8, 2022 Council report](#)), such as focusing primarily on sites with existing residential capacity that reflect the community vision in Precise Plans; eliminating sites that could result in displacement (e.g., R3 and CSFRA); and, most importantly, meets HCD requirements for meeting RHNA income levels and site locations. A map of the rezonings and the inventory sites can be found in Figure 1.

Staff recommends this approach to the Sites Inventory and maintains the previous key categories of sites (below) and made changes as directed by Council (discussed further below):

- Pipeline Projects are zoning-consistent projects that are under review (formal or informal) or approved. It also includes units that are otherwise reasonably expected, such as the site dedication for 1255 Pear Avenue and North Bayshore/Middlefield Park Master Plan units expected by 2031.

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<sup>6</sup> Other sites requiring rezonings are included in the Housing Element. However, these are for 100% affordable developments that provide significant units toward lower-income RHNA in the Sites Inventory.

- Rezoning Pipeline Projects are affordable housing projects requiring rezoning that are under review (formal or informal) or owned by an affordable housing developer with the intent to develop. Staff notes that inclusion of these sites in the Sites Inventory would significantly curtail the City’s legislative discretion to deny these projects, but staff recommends including them as they are integral to the Sites Inventory.
- Opportunity Sites are sites without proposed projects but contain characteristics that make residential development reasonable in the next eight years. As noted above, all these sites are assumed to deliver the moderate-, low-, and very low-income level housing required per RHNA.

Since the last review by the City Council, the following updates have been made to the Sites Inventory:

- Rezone Opportunity Sites: The Sites Inventory now includes opportunity sites that require rezoning. These are areas where the current zoning does not allow residential, or more density could be added. These are not Pipeline Sites, so there are no known projects. While the rezonings would apply broadly across all areas, only a selection of the sites that meet the Opportunity Site methodology have been included in the Sites Inventory. If supported by Council, staff anticipates that these rezonings could occur in conjunction with the adoption of the Housing Element in December 2022. The Draft Opportunity Site rezonings include the following:
  - General Plan Village Centers: These are sites in the General Plan Village Centers that Council directed staff to integrate into the Inventory. These sites allow residential in the General Plan, but that policy direction has not been implemented through the zoning. A proposed framework for an update to the Zoning Ordinance is provided in the “Rezoning Concurrent with Housing Element Update” section of the EPC Staff Report (Page 19). These areas include:
    - 400 Moffett Boulevard;<sup>7</sup>
    - Shopping Center at Rengstorff Avenue and Central Expressway;
    - Blossom Valley Shopping Center;

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<sup>7</sup> This one site in the Moffett Change Area does not currently allow residential under the zoning but does allow it through the General Plan. This makes it a higher priority to rezone than other parcels along Moffett Boulevard. A future Moffett Boulevard Precise Plan can integrate all Change Area parcels.

- Grant Park Plaza Shopping Center; and
- Parcels near the corner of Old Middlefield Way and North Rengstorff Avenue.

This is projected to add 232 low-income units and 214 moderate-income units to the Sites Inventory.

- El Camino Real Village Centers: The Village Centers identified in the El Camino Real Precise Plan are parcels near major intersections with major transit stops that would be acceptable locations for additional floor area ratio (FAR) and density. Under the current Precise Plan regulations, additional FAR and respective density is permitted through a rezoning process called the “Village Center Overlay” which could increase the FAR from 1.85 to 2.3. Because this additional density requires a rezoning, the City cannot include it in the Sites Inventory. Previously, staff recommended removal of this overlay requirement to facilitate more units in the Sites Inventory. Council did not direct staff to act on this rezoning right away. However, staff recommends this action now because it addresses an inconsistency between the Precise Plan and the General Plan. This is projected to add 233 low-income units, 24 moderate-income units, and 121 above-moderate-income units to the Sites Inventory.
- Removal of Sites: Based on Council direction, the Target site on Showers Drive was removed from the Inventory. In addition, staff removed the 901 North Rengstorff Avenue site from the Inventory (a proposed rezoning) since it would obligate the City to approve the project with minimal benefit to the Sites Inventory since it is proposing mostly market-rate units. This removed 343 low- or moderate-income units and 382 above-moderate-income units from the Inventory.
- Addition of New Pipeline Sites: Since February, several new applications have been submitted, proposed, or modified. These total 422 low- or moderate-income units and 192 above-moderate-income units. **Moreover, staff anticipates several additional large development applications to be submitted before the Housing Element is adopted, which will further increase the Sites Inventory and the buffer as they are currently not reflected in the Sites Inventory.**
- Calculation of Low- and Moderate-Income Units: In the previous analysis, low- and moderate-income units were combined into a single category. The current inventory separates out the income levels based on the following methodology:
  - Sites only supporting fewer than 50 units are 100% moderate-income;
  - Sites supporting 50 to 150 units are 100% low-income;

- Sites supporting 150 units to 300 units are 150 low-income units and the remainder moderate-income; and
- Sites supporting more than 300 units are 150 low-income, 150 moderate-income, and the remainder above-moderate-income.

This methodology is based on HCD guidance which requires additional justification for low-income projects less than 50 units or greater than 150 units. It also eliminates the risk that any one project will have a no-net-loss effect of more than 150 units on any one income level. This had the general effect of reducing the number of above-moderate units in the inventory and increasing the number of low- and moderate-income units.

- Various Minor Changes to Density Assumptions. Several areas had minor changes to their density assumptions modified to better respond to HCD requirements. For example, density assumptions must include an analysis of other uses that can be built in the zone. This slightly reduced the number of overall units in the Site Inventory.

The changes to the Sites Inventory above result in buffers of at least 30% (which is expected to grow with additional applications on sites that are not currently in the Sites Inventory). Table 1 summarizes the City’s Sites Inventory by income category.

**Table 1: Sites Inventory Summary**

| Project Category Type                           | Lower-Income Capacity | Moderate-Income Capacity | Above-Moderate-Income Capacity | Realistic Capacity Total (Units) |
|---|-----------------------|--------------------------|--------------------------------|----------------------------------|
| Pipeline Projects (A)                           | 2,300                 | 457                      | 6,480                          | 9,237                            |
| Opportunity Sites (B)                           | 3,370                 | 2,250                    | 243                            | 5,863                            |
| <b>Total Inventory (A+B)</b>                    | 5,670                 | 2,707                    | 6,723                          | <b>15,100</b>                    |
| Sixth-Cycle RHNA (C)                            | 4,370                 | 1,885                    | 4,880                          | <b>11,135</b>                    |
| <b>RHNA Buffer (A+B)-C</b>                      | +1,300 (30%)          | +842 (45%)               | +1,843 (38%)                   | +3,985 (36%)                     |
| RHNA Buffer from February Draft Sites Inventory | +1,580 (25%)          |                          | +2,988 (61%)                   | +4,568 (41%)                     |

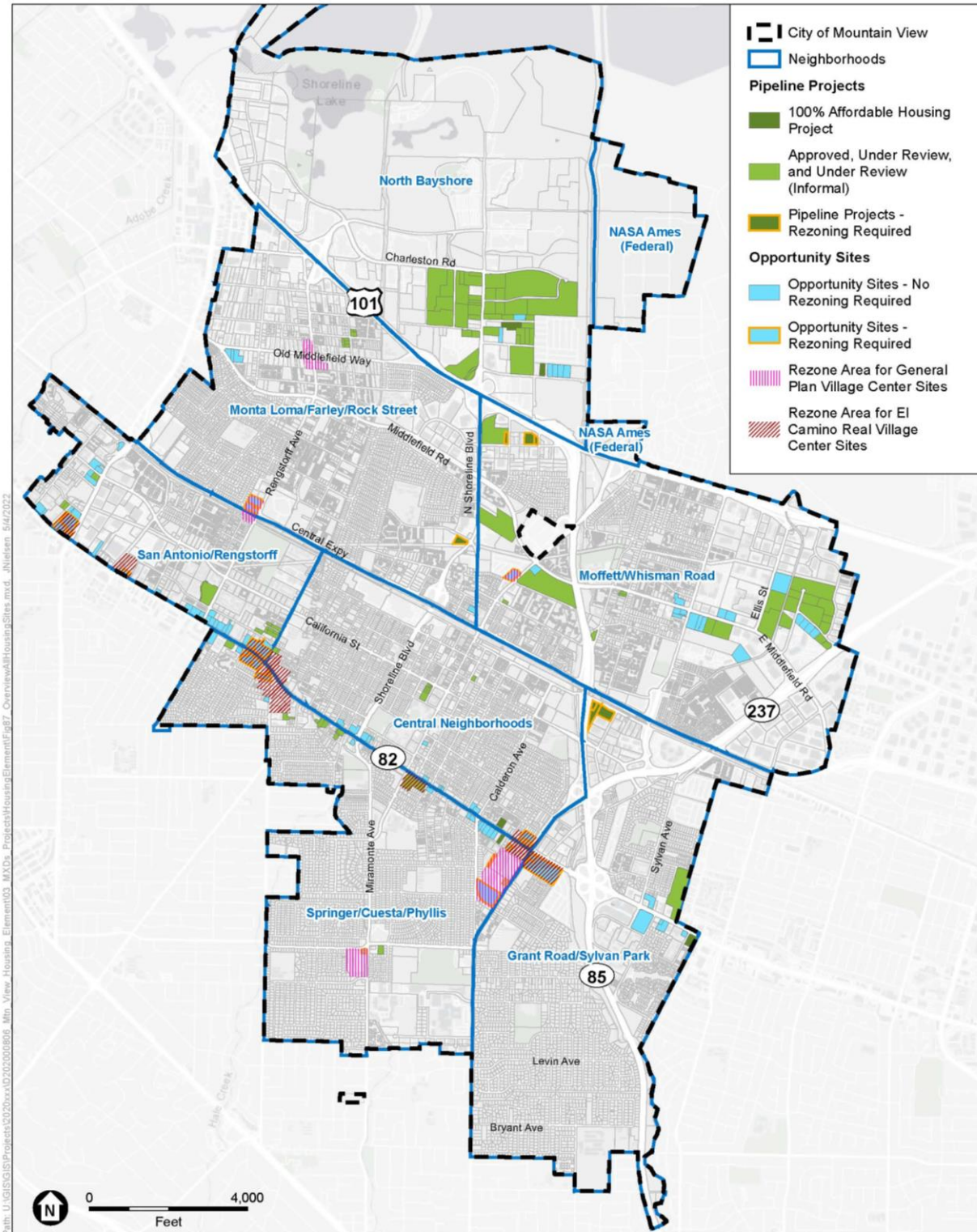


Figure 1: Sites Inventory Map

*Recommended Back-Pocket Areas (Not in Draft Sites Inventory)*

Since the last Study Session, based on Council direction, the following options were evaluated to determine whether they should be included in the Sites Inventory, remain as Back-Pocket sites, or as future study items. Staff recommends the Draft Sites Inventory with the General Plan Village Center and El Camino Real Precise Plan Village Center Rezonings included, but staff does not recommend including other shopping centers in the Sites Inventory. If included in the Sites Inventory now, the City would be required to rezone within the three-year timeline established by the State. The following are included in the Back-Pocket areas, as described in Program 1.6.

- Other Shopping Centers (where General Plan does not allow for residential): Although not identified in the Village Center Strategy in the General Plan, there are additional sites that could be added to the Village Center Strategy. Among this group of sites are Bailey Park, Monta Loma Plaza, and sites on Leong Drive (within the Evandale Precise Plan). The property owner feedback ranged from support for added residential uses to interest in discussing details on incentives and financial support for housing development. However, because these areas were not studied for residential uses in the General Plan, their rezoning should include additional outreach and review.
- Other Nonresidential Sites South of El Camino Real: There are several other nonresidential sites south of El Camino Real that do not currently allow multi-family housing, but which may be able to accommodate such development. They include:
  - Offices across Cuesta Drive and Miramonte Avenue from Blossom Valley Shopping Center, currently zoned CO (Commercial Office).
  - A rehabilitation center at 1949 Grant Road, currently zoned R1 (Single-Family).

Rezoning these sites would require additional outreach and analysis to determine their capacity and potential for housing.

- Moffett Boulevard: While the Council is interested in rezoning Moffett Boulevard with a Precise Plan, staff does recommend including it as a Back-Pocket area in order to allow for additional analysis and provide Council with flexibility in decision-making. However, staff notes that opportunities to increase density are limited due to the small parcel sizes and the fact that a number of these sites are either developed, have approved planning applications, or are currently under review under the existing General Plan and zoning designations.
- Downtown Transit Center: As discussed in the March 8, 2022 Council report, the Downtown Transit Center may have an opportunity for joint development. However, more analysis is needed on economic feasibility, transit operational needs, and other site constraints.

### *Not-Recommended Areas in Sites Inventory*

- South Drive Area: At the last Council meeting, Council directed staff to evaluate and conduct outreach to determine whether the South Drive area around El Camino Hospital could be potential Sites Inventory or Back-Pocket sites. These sites are included in the Draft Housing Element in Program 1.6 as Back-Pocket areas and was presented to the EPC as such.

After the Public Draft was published, El Camino Health submitted a letter stating that residential development in this area would be challenging and inconsistent with the medical operations necessary to fulfill the El Camino Medical Park Precise Plan. Furthermore, they identified additional challenges due to the properties being owned by multiple private property owners and occupied by long-term practitioners (see the letter received in Attachment 2). Therefore, staff recommends not including this area in the Sites Inventory and removing it from Back-Pocket as there is no interest and because of existing uses and limitations to residential development during the next eight years.

- Nonhistoric Churches in R Districts: Staff did not receive any responses from the 28 letters sent to properties identified as nonhistoric churches in R Districts. Although these sites have partnered with the City on temporary housing solutions, particularly during the COVID-19 pandemic, and are organizations with community-serving missions, additional policy development and outreach are necessary to determine the site-by-site information needed (e.g., number of units, income level of units, etc.) to be included in the Sites Inventory.

Staff recommends not including these properties in the Sites Inventory. However, staff has included a program in the Housing Plan (1.2—Community Sites for Housing) to evaluate and adopt changes to the City Code to allow for affordable residential uses on these sites to respond to Council interest in reviewing such sites. The majority, seven, of these are located south of El Camino Real and four are located north of El Camino Real.

- Nonhistoric Government Sites: Staff met with representatives from the DMV, VTA, and NASA. The DMV expressed concerns about adding housing to the site on Showers Drive, including concerns about compatibility with existing uses and ongoing obligations in operations of the sites. NASA referred staff to Army documents studying potential future uses on vacant land near the Moffett Boulevard/U.S. 101 interchange. The Army has no interest in building residential in that area. The VTA was open to reimagining the bus yard on North Shoreline Boulevard to accommodate a mix of uses but did not see it as a viable project in the next eight years.

Staff recommends not including these three properties in the Sites Inventory as there is no property owner interest because of existing uses or there are constraints that would not result in housing development in the next eight years that could be counted toward the City's RHNA.

#### *Alternatives to Draft Sites Inventory*

1. Include any of the Back-Pocket areas or not-recommended areas in the Sites Inventory and prioritize for near-term rezoning.
2. Remove sites from the Sites Inventory or the Back-Pocket areas.
3. Add other sites to the Sites Inventory and prioritize for near-term rezoning or the Back-Pocket list.

#### *EPC Recommendation*

The EPC supported the recommended draft Sites Inventory, which includes the proposed General Plan Village Center and El Camino Real Village Center rezonings and did not recommend adding any alternatives to the Sites Inventory.

Although the EPC did not specifically recommend adding it to the Sites Inventory, nor the Back-Pocket list, the EPC would like the City Council to discuss the potential of Charleston Plaza as a housing site. *Staff is not recommending adding Charleston Plaza to the Sites Inventory or Back-Pocket areas at this time due to the short time frame before the Housing Element must be completed and in order to ensure that "complete community" principles of compatible uses, neighborhood-serving uses, open space, walkability, etc., through a potential Precise Plan can be implemented.*

***City Council Question No. 2: Does the City Council support the recommended draft Sites Inventory, including proposed General Plan Village Center and El Camino Real Village Center rezonings? Does the City Council prefer any of the alternatives to the Sites Inventory?***

#### **Rezoning Concurrent with Housing Element Update**

If the City Council supports the inclusion of the General Plan Village Centers and El Camino Real Village Centers in the Sites Inventory, staff recommends that density-increasing zoning amendments be adopted along with the Housing Element in December 2022. These changes are also necessary to be consistent with State law, to be consistent with the General Plan, and to provide objective standards to implement General Plan policy. These rezoning areas can be seen in Figure 1, hatched in pink and red.



In addition, one of the Pipeline Rezoning projects, 87 East Evelyn Avenue (VTA site), may also be rezoned to streamline the proposed affordable housing. This site is located just east of State Route 85, at the corner of Pioneer Way.

Staff recommends these three zoning amendments as they can be done quickly and would achieve most of the City's goals and would have limited effect on the existing uses. **However, the City Council does not need to act on these rezonings and the General Plan amendment with the adoption of the Housing Element if more analysis and outreach are desired.** If they are not done with the Housing Element, they must be completed within the three-year timeline established by HCD for rezonings on sites to be consistent with the Sites Inventory.

*Recommended Rezoning: General Plan Village Centers*

The key goals of the Village Center zoning include the following:

- Require retail and similar neighborhood-serving uses and locate them along street frontages;
- Allow housing consistent with the densities adopted in the General Plan;
- Provide sensitive transitions to surrounding neighborhoods; and
- Require publicly accessible open space, such as a plaza, pocket park, etc. (with potential exemptions to standards to facilitate their provision).

To achieve this with minimal effect on existing uses, staff proposes to add residential uses to the list of allowed uses in the CN and CS Zoning Districts and the Grant-Phyllis Precise Plan, but with the following stipulations:

- Residential uses are only allowed within "mixed-use" designations in the General Plan.
- Projects must provide a certain amount of retail or similar neighborhood-serving uses as determined by an analysis of typical amounts of such uses in the underlying zone.
- Street frontages shall be primarily lined with commercial (retail/neighborhood-serving) uses.
- At least one public gathering/open space/plaza shall be provided, with a minimum area to be determined based on site size. Provide potential exemptions to one or more standards to facilitate provision of open space to maintain residential density.

- Residential uses shall use the development standards of the R3 Zoning District, CRA Zoning District, or El Camino Real Precise Plan, depending on the allowed density in the General Plan. These zones include similar transitions standards where setbacks are no less than the height of the proposed wall along that property line.

*Recommended Rezoning: El Camino Real Village Centers*

This minor amendment would simply remove the Village Center Overlay requirement from the El Camino Real Precise Plan and the Zoning Ordinance, allowing projects to go up to 2.3 FAR without additional legislative action. Some other minor amendments would also apply regarding community benefits. However, all other development standards would remain the same.

*Recommended General Plan Amendment and Rezoning: 87 East Evelyn Avenue*

This site is in the Rezoning Pipeline category in the Inventory. The City has entered into a ground lease with option to purchase with the Valley Transportation Authority to acquire the site for an affordable housing project. Before the project can be built, it must have a General Plan Amendment and Rezoning to allow residential uses.

Staff recommends a General Plan Amendment at the site to high-density residential and a rezoning to R4 concurrently with the Housing Element Update. This would facilitate the future development of affordable housing with potential streamlining opportunities. There is a small risk that the land use designation and or zoning district are not correct to meet the goals of the City and developer, in which case another rezoning may be necessary; however, that would be the case even if the City does not proactively rezone the site now.

*Alternative Rezoning/General Plan Amendments*

While staff does not recommend it at this time, Council can direct staff to bring back other rezonings or General Plan amendments concurrent with the Housing Element adoption. The primary reason staff does not recommend these is because there will not be an opportunity for the Council to provide high-level feedback to guide the amended standards before adoption. Alternatively, staff can bring forward these amendments with development projects or as minor clean-up items after the Housing Element is adopted.

Not Recommended Alternative Rezoning and General Plan Amendment opportunities include:

- **Other Pipeline Project Sites**—Some Rezoning Pipeline projects have not yet started their rezoning process, including 57 and 67 East Evelyn Avenue and 1010 Linda Vista Avenue. These are sites that affordable housing developers have acquired with the intent to develop. Rezoning these sites with the Housing Element could reduce processing time and effort, for example, by reducing the need to conduct environmental review. However,

because the City does not have ownership control of these sites and these sites do not currently have an affordable housing requirement, staff recommends these rezonings and General Plan Amendments occur concurrently with Council approval of the NOFA and development project.

- ***Other Back-Pocket Sites***—If the City Council directs staff to include any of the Back-Pocket areas or Alternative Areas in the Sites Inventory, there may be an opportunity to adopt those amendments concurrently with the Housing Element Update. The other shopping centers and other nonresidential sites south of El Camino Real represent the best potential areas for this, based on the scope of the change and the template provided by the General Plan Village Center amendments above. However, staff does not recommend this, based on the outreach and analysis that may be needed to determine the appropriate densities, capacity, and form of development. If Council wishes to include any of these sites in the Sites Inventory, staff recommends completing the rezoning after the Draft Housing Element is adopted. Rezoning is required to be completed within three years of the adoption of the Housing Element.

#### *EPC Recommendation*

The EPC supported the staff recommendation, including recommended rezonings and General Plan amendment for the General Plan and El Camino Real Village Centers and 87 East Evelyn Avenue, concurrent with the adoption of the Housing Element. The EPC did not recommend rezoning alternatives.

As a part of the Village Center rezonings, the EPC recommended maintaining roughly the existing amount of commercial and community-serving uses in each area to ensure alignment with the General Plan Village Center vision. The majority of EPC also had concerns about business displacement due to redevelopment projects and wanted Council to consider future action in evaluating antidisplacement programs for commercial tenants to preserve key small businesses.

***City Council Question No. 3: Does the City Council support the draft strategy for rezoning General Plan and El Camino Real Village Centers and 87 East Evelyn Avenue or would the City Council prefer to delay the adoption of these rezonings to conduct more analysis? Does the City Council wish to adopt other General Plan Amendments and Rezonings concurrent with the Housing Element Update?***

## **RECOMMENDATION**

That the City Council discuss and provide input on the draft Housing Element by responding to the following questions:

- 1. Does the City Council support the proposed programs in the Draft Housing Element? Are there other programs the City Council would like to add from the list of projects that are not currently recommended to be on the Housing Programs list (e.g., Displacement Response Strategy—replacement requirements)?**
- 2. Does the City Council support the recommended draft Sites Inventory, including proposed General Plan Village Center and El Camino Real Village Center Rezonings? Does the City Council prefer any of the alternatives to the Sites Inventory?**
- 3. Does the City Council support the draft strategy for rezoning General Plan, El Camino Real Village Centers, and 87 East Evelyn Avenue or would the City Council prefer to delay the adoption of these rezonings to conduct more analysis? Does the City Council wish to adopt other General Plan Amendments and Rezonings concurrent with the Housing Element Update?**

## **NEXT STEPS**

Following this meeting, the project team will make necessary edits to the draft Housing Element based on Council feedback and will submit the draft to HCD in July 2022 for a required 90-day review. Due to the quick turnaround time, other minor edits may be made to the Sites Inventory and other background information to reflect project application statuses, correct factual errors, provide more information that may be necessary for HCD review, and add missing information (such as the East Whisman Impact Fee and discussion of the Los Altos School District), etc. In addition, details can be added to the programs, such as additional steps, tasks already planned, and clearer connections to the analysis. More substantial changes may need to be addressed during and following review by HCD.

Once staff receives comments from HCD, staff will revise the document to respond to HCD's comments and prepare the Final Housing Element.

The Draft Housing Element Environmental Impact Report (EIR) will be available for public review in July 2022, and the Draft Housing Element EIR will be presented at a special EPC public hearing, tentatively scheduled for August 3, 2022, prior to final Public Hearings at the EPC and Council.

The EPC and Council Public Hearings for the Final Housing Element and Final EIR will occur during November and December 2022. The City will submit the Housing Element to HCD in December 2022, before the final deadline of January 31, 2023 to adopt the Housing Element, for a required

60-day review for final certification. Based on this schedule, HCD comments will be received by the end of February 2023, and the City will have until May 31, 2023 (120 days from January 31, 2023) to amend and adopt the final Housing Element (to prevent a reduction in the timeline from three years to one year to rezone sites consistent with the Sites Inventory).

### **PUBLIC NOTICING**

The City Council agenda is advertised on Channel 26, and the agenda and this Study Session memo appear on the City's website. A meeting reminder was emailed to all persons subscribed to the Housing Element mailing list (approximately 400 people). Notices regarding the Public Review Draft, this meeting, and the upcoming Council meeting were mailed to all addresses in the City and all owners of property in the City. Property owners of draft and other prospective Housing Element Sites Inventory sites were mailed letters regarding their status.

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- Attachments:
1. Draft 2023-31 Housing Element
  2. Public Correspondence